



Agenda Report

Item #: 23-1480

Meeting Date: 12/12/2023

TITLE: STUDY SESSION REGARDING THE PHASED ROLLOUT OF THE CITY'S HOUSING ELEMENT PROGRAMS AND AN UPDATE REGARDING THE FAIRVIEW DEVELOPMENTAL CENTER SPECIFIC PLAN EFFORT

DEPARTMENT: ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

**PRESENTED BY: JENNIFER LE, ECONOMIC AND DEVELOPMENT SERVICES DIRECTOR
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RECOMMENDATION:

Staff recommends the City Council receive the staff presentation and provide feedback as necessary regarding the phased rollout of the City's Housing Element Programs as well as a staff update regarding the Fairview Developmental Center Specific Plan.

BACKGROUND:

On May 9, 2023, the California Department of Housing and Community Development (HCD) confirmed by letter that the City's approved 6th Cycle (2021-2029) Housing Element meets the statutory requirements of State Housing Element Law and is complete. The letter also affirmed the State's expectation that the City would "continue timely and effective implementation of all programs". A link to the State's letter is provided below:

- State HCD May 9, 2023 letter approving the Housing Element:
<https://www.costamesaca.gov/home/showpublisheddocument/54373/638198511785300000>

The Housing Element, Chapter 4 Housing Plan, identifies specific programs aimed at providing additional housing opportunities, removing governmental constraints to affordable housing, improving the condition of existing housing, and providing equal housing opportunities for all residents. There are **47 Housing Element programs** slated for completion within the eight-year Housing Element planning period, most of which are slated for completion within three years of adoption (by 2026). Many of the approved programs are required based on State law, and each program indicates a specific completion timeline. These timelines were required by the State Department of Housing and Community Development as part of the Housing Element approval process.

Given the substantial organizational focus and resources required to concurrently complete 47 housing programs (many of which are multi-year highly complex programs) generally within the timelines identified in the Housing Element, staff have prepared an implementation plan to assist us in appropriately allocating staff and other resources.

This study session is intended to share information with the City Council and the general public regarding the 47 programs and their expected rollout, timelines and required resources associated with their completion. A link to Housing Element Chapter 4 (Housing Plan) is provided below and a summary list of the 47 programs with required timelines is attached.

- [Housing Element Chapter 4 \(Housing Plan\):
https://www.costamesaca.gov/home/showpublisheddocument/52834/638133568853530000](https://www.costamesaca.gov/home/showpublisheddocument/52834/638133568853530000)

The second part of the study session will focus on an update regarding Housing Program 3B, the Fairview Developmental Specific Plan which is already well underway.

HOUSING PROGRAMS ALREADY COMPLETED OR UNDERWAY

The following are completed examples of projects or projects underway that provide housing opportunities for low-income households, seniors and complex needs groups in Costa Mesa. The City will continue to work with various non-profit organizations and seek grant opportunities to implement the 6th Cycle Housing Plan.

Bridges Homeless Shelter [Program 4F]

In April 2021, the City of Costa Mesa completed the construction of its permanent Bridge Shelter within the city. Construction of the Bridge Shelter, as well as the organization and operation of the temporary Bridge Shelter at Lighthouse Church, and the ongoing efforts of the City's Street Outreach Team represent Costa Mesa's commitment to assisting vulnerable residents currently experiencing homelessness. With the shelter in full operation, the City is able to assist up to 72 residents at one time and connect these residents with services and assistance toward permanent housing solutions.

On June 6, 2023, the City Council approved a capacity increase of 16 beds bringing the Shelter's total capacity to 88 beds. On August 1, 2023, the City Council approved the submission of a joint application with the Orange County Health Care Agency to the State Department of Health Care Services for funding to add 15 behavioral health beds and associated services at the Shelter. The City has since received an award of \$4.2M to implement the additional beds, which are anticipated to be available for occupancy by April 2024. This increase will bring the Shelter's total capacity to 100 beds.

On December 7, 2023, the CalOptima Board of Directors selected Costa Mesa as one of two cities to receive their innovative Street Medicine Program, which delivers primary and behavioral health care to both sheltered and unsheltered homeless people. Street Medicine is projected to launch at the Bridge Shelter in July 2024.

The Bungalows Project (2039 Pomona Avenue) [Program 4A]

This project includes remodeling six existing dwelling units and constructing two additional detached accessory dwelling units on the site for families in need. The site is managed by Families Forward and houses families experiencing or close to experiencing homelessness. The project was completed in early 2023. Families Forward partnered with HomeAid Orange County, a Tustin nonprofit that coordinates with building professionals willing to offer materials discounts, labor and in-kind donations to reduce the costs of building projects for those at risk of homelessness. Occupants are selected through an application process, with preference given to those with residential, professional or educational ties to Costa Mesa currently experiencing homelessness, living in a shelter or in temporary accommodations. Under the living arrangement, residents of “The Bungalows” will pay an affordable monthly rent, ranging from about \$1,150 to \$1,350 per month, while receiving ongoing assistance, education and services designed to help them regain financial self-sufficiency. With in-kind donations reducing costs by more than \$500,000, the total cost of the project pencils out to around \$4 million — about 40% higher than what was initially budgeted. To help bridge the gap, the Costa Mesa City Council in November 2022 granted \$975,000 in federal American Rescue Plan Act funding to Families Forward to complete the work.

Project Homekey (2274 Newport Boulevard) [Programs 3F and 4A]

The Motel 6 property located at 2274 Newport Blvd involves the acquisition and two-phase adaptive reuse of an 88-unit motel into permanent housing. All motel rooms will be converted to 300-square-foot studio apartments with new kitchenettes, countertops, flooring, paint, fixtures, appliances, and furniture. Additional common areas for residents will include a new outdoor patio, smoking area, dog run, and community garden to encourage social interaction among residents. Pedestrian access at Newport Blvd will be enhanced, encouraging residents to walk to nearby community and commercial amenities. Aesthetic improvements will include building façade enhancements, public art, and substantial upgrades to existing landscaped areas. This project will be developed in two phases.

Phase I includes making 40 housing units available to individuals earning 30% or less than the Area Median Income, 30 of which are permanent supportive housing units serving homeless veterans and 10 of which are set aside for homeless individuals who meet the Mental Health Services Act (MHSA) eligibility criteria. Construction of Phase II will complete the remaining units and will commence once additional funding resources are identified.

A second Homekey Project has also been funded at the former La Quinta Inn at 1515 S. Coast Drive, and design is currently underway.

Jamboree Housing Senior Housing Project at the Senior Center (695 West 19th Street) [Programs 2D and 4A]

In 2020 the City Council approved an Exclusive Negotiating Agreement (ENA) to partner with Jamboree Housing Corporation in determining the feasibility, and potential terms, for the right to acquire a long-term leasehold interest in an approximately 0.90-acre portion of the parking lot at the Senior Center property to develop a senior housing project. The conceptual density study plans envision the potential for 60 senior affordable housing units (59 plus one manager unit).

An application for an Urban Master Plan Screening for the project was submitted, and subsequently was placed on hold while the applicant revised its funding sources and project scope. The applicant has now

identified a modified scope and submitted plans, and staff expects to bring the screening to the City Council in early 2024. Nancy Huynh, Principal Planner is managing the project.

Affordable Housing (Inclusionary) Ordinance [Program 2A]

The City kicked off the affordable housing ordinance effort in 2021, retaining Keyser Marston Associates (KMA). Since then, KMA, along with Nancy Huynh, Principal Planner, have completed the required Financial Evaluation and held 17 stakeholder meetings, two joint Council/Planning Commission Study Sessions and completed the draft Ordinance. The Ordinance was presented to the Planning Commission on November 13, 2023 with a second discussion occurring on December 11, 2023. Staff expects to agendize the Ordinance for a Council decision in January 2024.

Fairview Developmental Center Specific Plan [Program 3B]

Staff kicked off the Fairview Developmental Center Specific Plan project in 2023, retaining Placeworks Consulting and onboarding an interim project manager, Sheri Vander Dussen along with the City’s Principal Planner Phayvanh Nanthavongdouangsy to manage this \$3.5 million two-year project. Technical studies are underway and the City’s first stakeholder meeting was held in November 2023. A detailed update regarding this effort is provided below.

UPCOMING HOUSING ELEMENT PROGRAMS IMPLEMENTATION

The City was allocated a Regional Housing Needs Assessment (RHNA) allocation of 11,760 housing units to meet its portion of the projected regional housing needs (Table 1). The City is not required to construct housing to meet its RHNA obligation; however, the City is required to have in place the land use provisions and programs to facilitate those housing opportunities.

Table 1: 2021 - 2029 City of Costa Mesa RHNA Housing Needs Allocation

Income Category	% of Median Family Income	Income Range		RHNA Allocation (Housing Units)
		Min.	Max.	
Very Low Income	0 – 50%	--	\$51,500	2,919 units
Low Income	51 – 80%	\$51,501	\$82,400	1,794 units
Moderate Income	81 – 120%	\$82,401	\$123,600	2,088 units
Above Moderate Income	> 120%	\$123,601	> \$123,601	4,959 units
Total:				11,760 units

Attachment 1 is a list of the City’s housing programs committed to for the planning period. In order to complete these programs in a timely manner and to efficiently use staff and consultant resources, the programs are sorted into two categories: 1) Programs that build upon existing information and outreach efforts; and 2) Programs that create new housing opportunities.

Category I: Building Upon Existing Programs

Many of the housing element programs require the City to modify existing City programs and requirements to respond to new State law provisions. The implementation of these programs aim to solidify the City's organizational foundation to accommodate and promote housing. These programs: 1) support existing residents; 2) require information distribution to promote of housing opportunities, programs and community partnerships; 3) involve updating provisions of the Zoning Ordinance primarily to comply with new State laws; and 4) evaluate and update planning application fees. Implementation of these programs will be grouped together for efficiency and assigned a team from existing City staff to complete these programs over the next two years.

1) Residential Assistance Programs [Programs 1A, 1B, 1C, 2C, 4D, and 4F]

These programs will support existing and future residents by providing funding to preserve and enhance existing housing supply, monitoring the supply of affordable housing, and facilitate housing options for all residents at all income levels for those with special housing needs.

2) Information Distribution [Programs 2B, 2D, 2I, 2L, 3A, 3E, 3K, 3L, 3M, 3O, 3P, 3Q, 4A, 4B, 4C, 4H, and 4I]

The programs are intended to promote and highlight various City/State Housing Programs and partnership opportunities to help develop housing opportunities, such as promoting Accessory Dwelling Units and State Density Bonus Incentives.

3) Zoning Ordinance Updates

1. Definitions [Programs 2F, 2H, 2J, 2O, and 4E]
2. Development Standards [Programs 2E, 2M, 4G, and 4E]
3. Process and Findings [Programs 2N, 2P, 3F, 3S, and 4E]

These programs will, for example, require staff to analyze and, where necessary, update residential parking standards, certain housing definitions and terminologies, and the City's development review processes and findings to help streamline project approvals.

4) Planning Application Fee [Program 2K]

The objective of Program 2K is to review planning application fees, with a special focus on the density bonus fee, and update the fee(s) to avoid creating a constraint to the development of affordable housing.

Category II: Creating the Framework for New Housing and Revitalization

Category II includes programs that will create the framework for the future development of new housing. These programs are complex multi-year efforts that will require policy and process modifications to phase in new development while preserving existing residential communities. These major programs will involve extensive community visioning and engagement and will also involve environmental review under the California Environmental Quality Act (CEQA). The completion dates for most of these major programs were identified in the Housing Element as Winter 2025.

Completion of these major efforts will require the City to retain a consulting team, allocate staff project managers or bring in contract interim project managers where necessary, and allocate appropriate funds for these efforts. The study session presentation will further detail timelines, phasing, and resources required to complete these major efforts.

1) Community Visioning and Objective Residential Design Guidelines for properties within Urban Plan Areas and along the City's Commercial and Industrial Corridors

Various state laws, such as the State Housing Accountability Act (Senate Bill (SB) 167), Streamlined Affordable Housing Act (SB35/SB423), Housing Crisis Act (SB 330), Housing and High Road Jobs Act (AB 2011), and Affordable Housing on Faith Lands Act (SB 4), requires a streamlined review and approval process for qualifying residential projects that meet objective standards.

Objective design standards under State law are “standards that involve no personal or subjective judgement by a public official and are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official prior to submittal” (California Government Code, Section 65913.4).

Through the community visioning process, Costa Mesa residents will help define and shape the components and design requirements that make a high-quality neighborhood. The design standards and guidelines will be crafted around that community vision to ensure future projects that are subject to those standards and guidelines will be compatible with existing neighborhoods and meet overall community expectations.

Staff have prepared a Request for Proposals to update the City's Residential Design Guidelines and develop Objective Residential Design standards for release in early 2024 and completion in Summer 2024. The City will utilize LEAP grant funding to fund a portion of this effort.

2) General Plan, Specific Plan and Urban Plan Amendments [Programs 3B, 3C, 3D, 3H, 3I, 3J, 3N, 3R] focusing on Creating Housing and Revitalization Opportunities along the City's Commercial and Industrial Corridors

Building upon the completion of residential design guidelines and objective design standards described above, the City will update and incorporate those community visions and standards into the City's General Plan, North Costa Mesa Specific Plan, and Urban Plans. The following updates are anticipated and will be phased for efficiency of resources:

- Incorporate objective design standards into the General Plan
- Create the Fairview Developmental Center Specific Plan
- Update the North Costa Mesa Specific Plan
- Update the City's Urban Plans: 19 West Urban Plan, SoBECA Urban Plan, Mesa West Bluff Urban Plan, and Harbor Mixed-Use Overlay
- Create Corridor Plans
 - Harbor Boulevard
 - 17th Street Corridor Area
 - Bristol Street
- Update the Newport Boulevard Specific Plan

3) General Plan Amendments – Safety Element/Environmental Justice Policies [2G]

Staff have proposed a working draft that incorporates references to the City's Local Hazards Mitigation Plan - SB 379 as well as to address other applicable State laws (SB 1035-Flood and Hazards and AB747/SB 99-Evacuation Routes). As part of this process, staff are also evaluating other General Plan Elements to incorporate environmental justice policies pursuant to SB 1000. This law requires the City to develop and incorporate policies for disadvantaged communities in its General Plan. The purpose of SB 1000 is to "address unique or compounded health risks in disadvantaged communities by decreasing pollution exposure, increasing community assets, and improving overall health." (Office of Planning and Research, General Plan Guidelines June 2020)

FAIRVIEW DEVELOPMENTL CENTER PROJECT UPDATE

At its meeting of August 1, 2023, the City Council authorized an agreement with PlaceWorks to prepare a Specific Plan, General Plan Amendment and Environmental Impact Report to guide the reuse of the Fairview Developmental Center (FDC). The planning process is being funded through a \$3.5 million grant from the State pursuant to Senate Bill 188. The FDC is designated as a Housing Opportunity Site in the City's Housing Element. The Housing Element envisions 2,300 units on this site, with 40% of the units affordable to low- and very-low income households.

Community Engagement

The City Council desired an extensive outreach and community involvement program to develop a vision and land use plan for this site. Since many residents have access to the internet, a project website has been established to provide an easy way to obtain information about the project: FDCHousingplan.com. A project email address has also been established to allow anyone to sign up for the interest list, submit comments or ask questions: fdchousingplan@costamesaca.gov. To provide opportunities for more personal interaction, the outreach plan envisions a minimum of four community workshops, two City Council study sessions, several "pop up" events, stakeholder meetings, and public hearings. The first community workshops were held in early November.

Advertisement of Workshops

Staff from several departments collaborated to advertise the first round of workshops and make them accessible. The Parks and Community Services Department provided activities for children so that parents could attend knowing their children would be safe and engaged. The City's Constituent Services team reached out to various community organizations. The Communications and Marketing team employed social media and other tools to spread the word. The following steps were taken to advertise the workshops:

- Flyers were mailed to persons living or owning property within 1,000 feet of the FDC
- Flyers were sent home with all students in the Newport Mesa Unified School District
- Information was posted on the project website
- Flyers were emailed to interest lists maintained by the Development Services Department (Housing Element, Affordable Housing, etc.)
- Workshops were featured in the City Hall Snapshot

- Workshops were featured via unpaid posts on the City's social media pages (Instagram, Facebook, Twitter/X, Nextdoor)
- Information was sent to subscribers to the City's Nixle service
- Flyers were posted at various City facilities and coffee shops in the community

First Community Workshops Update

To facilitate community participation, the first workshop was held in three different formats. An English language workshop was held on Thursday, November 2. A Spanish language workshop was held on Friday, November 3. A virtual workshop was held on Monday, November 6, with a breakout room for those who preferred to hear the presentation in Spanish. Altogether, 114 people attended the workshops.

A summary of the workshops is attached to this staff report (Attachment 2). The summary includes photos, compilations of comments, and copies of the group documents. Copies of the comment cards submitted at the meetings and all other comments submitted via email and social media are posted on the project website (names and other identifying information have been redacted).

The content and format of the workshops were the same.

- The presentation outlined the history, existing uses, surrounding uses, and potential opportunities of the site, including showing a variety of housing types common in today's market.
- The presentation also summarized the agreement between the City and State to plan for the reuse of the site.
- There was time for questions and answers.
- Participants were invited to engage in small groups to collectively answer the question, "What are the ingredients of a great neighborhood?"
- Each group reported out its work to the entire room.
- Everyone then had the opportunity to place stickers by the ideas they thought most important.
- Everyone also had the opportunity to leave a comment card with additional input.

The input gathered will be used to inform the Draft Vision Statement and Guiding Principles for the Specific Plan. The vision statement and guiding principles will be reviewed at the next round of community workshops.

The virtual presentations were taped in Spanish and English and are available on the City's YouTube Channel and the project website. The PowerPoint presentations and other materials are also available on the project website.

Comments

- Thursday night: The most comments were offered on traffic/mobility/parking and open space/recreation. For instance, concerns were raised about the limited number of access points to the site. Parking and bicycle/walkable connections were discussed. A desire for sports fields was expressed. Comments were shared regarding mixed use, density, schools, crime, housing, child care, and property values. Creation of a citizen's advisory committee was suggested.

- Friday night: These residents expressed more concerns about the provision of social services on the site, such as a community resource center, immigration counseling, and a senior center. Provision of housing for households with the lowest incomes was also recommended.
- Monday night: The majority of comments at the virtual meeting focused on providing a high percentage of affordable housing on the site, even if that means increasing density. Transit and open space were also raised.

The comments were categorized for analysis. Overall, 25% of the comments addressed housing issues; 19% addressed mobility/parking/transit matters; 18% addressed civic uses/community services; 15% addressed open space/recreation; 10% addressed commercial/retail/mixed use; 6% addressed sustainability; and 7% addressed other issues.

Community Prioritization Activity

Participants in all three workshops were invited to place stickers next to the issues/comments that they believed were most important. Afterwards, all of the comments/issues were categorized as shown on the activity sheets in Attachment 2. The stickers reveal that housing and civic/community uses are most important, closely followed by transportation/mobility/parking and open space/recreation issues. There is a clear consistency in the analysis of the issues and the prioritization of those issues.

Next Workshops

The second workshops will follow the same format (English, Spanish and virtual) and take place in February. Prior to the second workshops, draft guiding principles and a vision statement will be posted on the project webpage for review. Participants will also have the opportunity to provide input staff and the consultants will use to draft land use plan scenarios.

Future workshops will cover the release of various documents, including:

- Draft Vision and Guiding Principles for community review
- Market Study
- Existing Conditions and Story Map
- Three Land Use Plan Alternatives and Analyses
- Preferred Land Use Plan
- Project Description
- Draft Specific Plan
 - Land Use Plan
 - Mobility Plan
 - Infrastructure Plan
 - Phasing and Financing Plan
- Draft Environmental Impact Report

Going forward, staff will be collaborating extensively with the new Community Relations team in the City Manager's Office to enhance our community engagement efforts. Specifically, we will be taking steps that will:

- Provide notice of meetings/workshops earlier in the process
- Take better advantage of newsletters/publications of other agencies for advertising

- Enhance cooperation with community partners such as schools, community colleges, churches and local organizations
- Place signage in locations visible to participants in sports and other recreational programs at City facilities geared to children and adults
- Explore paid advertising on social media as well as posts on the City's feed to enhance our reach
- Provide notices in desired formats (electronic or hard copies) and languages (English/Spanish)
- Explore opportunities to collaborate with young professionals' organizations and community college classes on real estate and similar topics to discuss issues relevant to development of the FDC
- The study session presentation will provide additional detail regarding the forthcoming market study and financing for both market rate and affordable housing on the site

ALTERNATIVES:

This is an information item. There are no alternatives.

FISCAL REVIEW:

The item is information in nature and has no impact on the City's budget. The Housing Authority Fund 222 budget includes \$2.4 million towards the Housing and Visioning Plan implementation.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report as to form.

CITY COUNCIL GOALS AND PRIORITIES:

Diversify, stabilize and increase housing to reflect community needs.

CONCLUSION:

This is an informational item regarding the phased rollout of the City's Housing Element programs and an update regarding the City's Fairview Developmental Center Specific Plan Update. Staff recommends the City Council receive and file this report and provide feedback as appropriate.